

To: All CDBG & HOME Recipients Notice: FSP-98-12

From: IHFA Federal & State Programs

Date: July 17, 1998

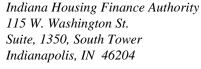
Re: Update on Life Estates

On February 16, 1998, the Indiana Housing Finance Authority (IHFA) issued Notice FSP-98-04 which conveyed to all CDBG and HOME grantees that persons holding a life estate interest in a property are not eligible for IHFA's owner-occupied rehabilitation programs.

In response to the Life Estate Notice, several grantees contacted IHFA to express their concern regarding the potential impact that the life estate policy could have upon owner-occupied rehabilitation programs designed to benefit elderly persons. Since the rehabilitation of housing occupied by Senior Citizens is an important part of IHFA's goal to expand decent, safe, sanitary, and affordable housing in Indiana, IHFA staff studied this issue and determined that since a life estate creates a tenant/landlord type of relationship in the eyes of the law, we could treat life estates as rental properties for the purposes of our rehabilitation programs.

Subsequently, IHFA is open to considering requests to modify on-going owner-occupied rehabilitation awards to include a rental rehabilitation component. Enclosed are IHFA's current program descriptions of the Housing Development Fund and HOME Investment Fund Rental Rehabilitation Programs.

If you have any questions regarding this correspondence, please contact your Compliance Specialist.





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